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->From the Editor's Keyboard  
"~~~~~"

"Saying it like it is!"

Well, thanks to Puxatawney Phil, we're in for six more weeks of winter. If only we'd be lucky and could rely on that little bit of folklore! But, this is New England, and we know there's nothing that we can count on except for the fact that you can't count on stuff like this! I usually enjoy all four seasons, but I like to see those seasons spread out fairly equally. Having this much snow and cold at once just doesn't fare well with me. It doesn't do much for my demeanor. I've been in a really foul mood all week, and probably even longer. Lots of different things just haven't been working out the way I'd like. You know, it's occasionally all of the little things that can drive you crazy. Work. The weather. The car. The drippy faucet. The mailman. No morning newspaper on time. The stupid stuff. So, I haven't felt much like putting in much time putting together remnants of our Atari past lately. I know, I've been working on these tidbits for awhile, but I just haven't been able to remain focused with the little time that I've had available. We'll get there, and it will be worth the wait!

Until last time...

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Atari Times 2005 Compendium, Now Available!

THE ATARI TIMES ANNOUNCES THE AVAILABILITY OF THE 2005 COMPENDIUM  
January 31, 2005

For immediate release:

WINTER HAVEN, FL - The editor of The Atari Times ([www.ataritimes.com](http://www.ataritimes.com)) has announced the completion and availability of the annual paper-based book titled the 2005 Compendium. Copies are now available for sale at [www.cafepress.com/ataritimes](http://www.cafepress.com/ataritimes).

The book is 102 pages of news, features, reviews, and previews for all Atari home systems that have appeared on the website over the 2004 year.

These include articles for the Jaguar, Lynx, 7800, 5200, 2600, home computers, and even the arcade systems. In addition, the 2005 Compendium includes 45 pages of previously unreleased material and a beautiful full-color cover.

Gregory D. George, editor and writer for The Atari Times commented, "The theme for this year is, 'Where it all Started.' Certainly, Atari is the reason we are all enjoying video games today. This is a book that celebrates the introduction of Atari and video games to the world."

"This was a fun book to put together, even more so than previous books, because there is a huge amount of new content. Some of the best new material includes a chat with famed Jaguar playtester Lance Lewis (who reveals the secrets inside of Tramiel controlled Atari), TAT's Top 10 Consoles of All-Time, Atari at the Ballpark (covering Atari baseball games), a reminiscing of Atari titled 'Antique Electric Dreams,' an exclusive review and play test of the Atari 7800 Cuttle Cart 2 (which is thankfully back in production), pages and pages of new 2600, 7800, Lynx, Jaguar, 8-bit, Atari ST, and arcade game reviews, and much more."

"The quality of 2005 Compendium is better than ever because it is printed through CafePress.com instead of at my local print shop. I'm very pleased with the high quality job CafePress.com offers," said Mr. George. "We also have some great sponsors of the book this year and I'd like to thank Songbird Productions, Good Deal Games, Orphan Video Games, Video Game Connection, and Packrat Video Games for making it possible."

>From January 31, 2005 to February 7, the price of the 2005 Compendium is \$13.95. After February 7, 2005, the price will be \$14.95. Shipping charges also apply.

More information about The Atari Times Compendiums can be found at <http://www.ataritimes.com/store/books.html>. To purchase any Atari Times book, go to <http://www.cafepress.com/ataritimes>

The Atari Times is a web-based publication devoted to all Atari game systems. Updates to the site are on a weekly basis. Visit <http://www.ataritimes.com/> for Atari related news, previews, reviews, and feature articles.

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PEOPLE ARE TALKING  
compiled by Joe Mirando  
[joe@atarinews.org](mailto:joe@atarinews.org)

Hidi ho friends and neighbors. Another week has come and gone and we find ourselves back here again. Well, welcome back! I just know that this will disappoint everyone out there, but I really don't have any strong opinions about anything this week.

I guess all the fight's gone out of me for the time being. I'm beat. I mean, I'm just down-to-the-bone tired. I know that you know what I'm talking about. We all feel that brain drain on occasion. It could be

just because I'm getting older, but it seems that more and more of us are pushed to the limit more and more often. I'm not talking about out-in-the-field, plowing-the-back-forty kind of exhaustion (although I know a person or two who might encounter that particular kind of situation). I'm talking about being pulled in several different directions at once.... about having to make mutually exclusive decisions about multiple subjects that constantly jockey for priority. Yeah, we all experience that kind of thing these days.

Several years ago I saw a bumper sticker that seems to pop into my mind's eye whenever things start pulling at me from all directions. The bumper sticker said, "All You Can Do Is All You Can Do". That, my friends, is how I know that I'm not the only one.

Well, let's get to the news, hints, tips and info from the UseNet.

From the comp.sys.atari.st NewsGroup  
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'SCREAM' asks about RAMDisk programs for the ST. This has nothing to do with the post, but the very first program I ever bought for my trusty 1040 was that RAMDisk from Antic... Kuma A-RAM? Jeez, that was so long ago that I can't even remember it's name. Anyway, it was a great program, and worth every penny I paid for it.

"Does anybody know any program to create a ram disk on Atari?  
I'm using Mdisk, but it's limited to 720Kb. I would like to use 1 or 2 Mb...."

Mikael Folkesson tells Scream:

"If you're using Magic there is a dynamic Ramdisk xfs by Thomas Binder that only uses as much memory as you put on the disk.

After a quick google I found  
[http://homepages.tu-darmstadt.de/~gryf/software/rdxfs\\_r2.lzh](http://homepages.tu-darmstadt.de/~gryf/software/rdxfs_r2.lzh)

I believe there was a mint version as well."

David Bolt adds:

"You can use RDE. It can create a ramdisk of that size[0], that survives a reset and the disc can be saved to disc complete with all the contents. You'll probably find the full archive on one of the FTP sites, i.e. chapelie.rma.ac.be. If you can manage without the documentation, I have an archive of just the program and .RSC file. It's a whole 12k long and presently located at: <URL:<http://www.davjam.org/files/rde.zip>>

[0] I used a 2Mb ramdisk for a while when using a 4Mb STE as my sole net machine. It was used to hold STing, CABs cache and a few other things that I can no longer recall. AFAICR, I created it, filled it with the bare necessities, saved it to floppy, emptied the ramdisk, copied the saved image back into the ramdisk, packed the image using PackIce and then copied the packed image back into an auto-folder on a floppy."

Bill Glaholt adds his thoughts:

"The Intersect Ramdisk (that if I remember, came with Interlink the old terminal proggy) was a desktop .ACC that allowed one to use as much RAM as you could extract from the system. Even better, it was instantly configurable. Try a google on it."

Greg Goodwin adds:

"There are a variety of programs that can do this. I still have a freely distributable one that can go up to 999KB. I think it was called XRAMA000, where "A" was the drive letter and "000" was the number of KB. Let this group know if you cannot find it. The Codehead Utilities could go much higher."

Rodolphe Czuba posts this:

"CT63!

This is the name of the CT60 third production !

This CT63 will be a LOW COST version of the CT60 and I asked to the factory to give me a price without all components that can be removed on the board (not implemented).

The CT63 will be so :

- Price between 220 to 250 EUR with the 060 (full) : depending on the number of boards that may be produced !
- no 060 socket : the 060 will be soldered (after tested) on the board (will get more space under the keyboard).
- heatsink will be stuck on the 060 and a fan will be fixed (plugged) on the heatsink (size of heatsink = 45\*45 cms).
- the CPU & SDRAM clocked at 50 MHz instead of the 66MHz (OSC soldered (nosocket) = can be unsoldered to try to boost).
- no boost of the motherboard (components not present = could be added by the user if he can find and solder them !).
- no temperature captor (it is a gadget because get more than 10 deg C of unprecision !).

This time I have 14 orders and I'd like to get 40 orders.

Let's go atarians! It is your last chance to join the Falcon 060 world !

To confirm, please, send me an email if you want to buy between 220 et 250 EUR.

After we will see...

PS : \$/EUR ratio is decreasing these days...good for some people...

Please spread this message on all atari user sites!"

Well folks, that's it for this week. I know it's short, but the NewsGroup hasn't been all that active recently. Tune in again next week, same time, same station, and be ready to listen to what they are saying when...

PEOPLE ARE TALKING

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->A-ONE's Game Console Industry News - The Latest Gaming News!  
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## Sony to Release PlayStation Portable

Sony Corp. said Thursday it will release the PlayStation Portable in North America on March 24 and have 1 million units ready for sale in the first week.

The PSP machine, a challenger to Nintendo (news - web sites) Co.'s long-standing grip on the handheld video gaming market, will be sold as a "value pack" for \$250 in the United States and for \$300 Canadian dollars. It will include numerous accessories and - for the first million sold - a copy of the "Spider-Man 2" movie on the new Universal Media Disc format that Sony designed for the PSP.

Sony said it has already shipped 800,000 PSPs in Japan, where it went on sale on Dec. 12 for about \$190.

By comparison, Nintendo's newest product, the Nintendo DS sells for \$150. It was among the must-have Christmas gadgets, with more than 2.8 million sold worldwide since its release in late November.

The PSP is designed, however, with more multimedia features. It can play digital music, movies and display photos on its 4.3-inch color screen, using Sony's proprietary 1.8-gigabyte UMD discs or a Memory Stick.

With the PSP, the Tokyo-based electronics giant is targeting a wider consumer base and not just young gamers.

"It has gaming at its core, but it's not a gaming device. It's an entertainment device," Kaz Hirai, the president of Sony Computer Entertainment America Inc. said in an interview.

In addition to working with its own Sony Pictures film division, Sony is in discussions with other movie studios to support the new UMD format for future releases of movies, Hirai said.

Sony said 24 game titles will be available around the time of the launch with prices starting at \$40 each.

According to market research firm DFC Intelligence, the DS and PSP are expected to drive the global portable games market from \$3.9 billion in 2003 to \$11.1 billion in 2007. The overall global video game industry saw sales of about \$23 billion in 2003.

Hard-core gamers will propel the initial sales of the PSP, analysts say. Its unique combination of gaming and multimedia features in a 7-inch by 3-inch device that also has Wi-Fi wireless connectivity, could spur a new market for Sony, however.

"When it comes to entertainment, Sony has advantages over other players in the market," said P.J. McNealy, analyst at American Technology Research. "But success drives imitation, and if this thing is a wildly successful platform, you'll see knockoffs by the holidays in 2006."

#### Xbox 2 May Be Unveiled In Summer

Details of the next generation of Microsoft's Xbox games console - codenamed Xenon - will most likely be unveiled in May, according to reports.

It was widely expected that gamers would get a sneak preview of Xbox's successor at the Game Developers Conference (GDC) in March.

But a Microsoft spokeswoman confirmed that it would not be at GDC.

Sony, Microsoft and Nintendo are all expected to release their more powerful machines in the next 18 months.

The next Xbox console is expected to go on sale at the end of the year, but very few details about it have been released.

It is thought that the machine may be unveiled at the Electronic Entertainment Expo (E3) in Los Angeles, which takes place in May, according to a Reuters news agency report.

E3 concentrates on showing off the latest in gaming to publishers, marketers and retailers. The GDC is aimed more at game developers.

Microsoft chief, Bill Gates, used the GDC event to unveil the original Xbox five years ago.

Since its launch, Microsoft has sold 19.9 million units worldwide.

At the Consumer Electronics Show earlier this year, there was very little

mention of the next generation gaming machine.

In his keynote speech, Mr Gates only referred to it as playing an essential part of his vision of the digital lifestyle.

But the battle between the rival consoles to win gamers' hearts and thumbs will be extremely hard-fought.

Sony has traditionally dominated the console market with its PlayStation 2.

But earlier this year, Microsoft said it had reached a European milestone, selling five million consoles since its European launch in March 2002.

Hit games like Halo 2, which was released in November, helped to buoy the sales figures.

Gamers are looking forward to the next generation of machines because they will have much more processing and graphical power.

They are also likely to pack in more features and technologies that make them more central as entertainment and communications hubs.

Although details of PlayStation 3, Xenon, and Nintendo's so-called Revolution, are yet to be finalised, developers are already working on titles.

Rory Armes, studio general manager for games giant Electronic Arts (EA) in Europe, recently told the BBC News website in an interview that EA was beginning to get a sense of the capabilities of the new machines.

Microsoft had delivered development kits to EA, but he said the company was still waiting on Sony and Nintendo's kits.

But, he added, the PlayStation 3 was rumoured to have "a little more under the hood [than Xbox 2]".

#### EA Making 'Godfather' Game Using Brando's Voice

Marlon Brando is dead but his voice will live on, as Electronic Arts Inc. said it plans a video game version of the classic film "The Godfather" using the brooding actor's voice and likeness.

EA said on Wednesday that Brando did a recording session with game developers before he died last year, which the company will use for his character, Don Vito Corleone.

Actors James Caan - who played Brando's son and heir apparent Sonny Corleone - and Robert Duvall - who played Brando's adopted son and advisor Tom Hagen - will also lend their voices and likenesses to the game, EA said.

The game, scheduled for release this fall on most major platforms, puts the player in the role of an aspiring mobster who seeks to rise to the head of a crime family in late 1940s and early 1950s New York.

The new issue of Vanity Fair reported that Brando almost declined the legendary "Godfather" role because he felt it glorified the Mafia.



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A-ONE's Headline News  
The Latest in Computer Technology News  
Compiled by: Dana P. Jacobson

EU Believes Microsoft Drags Feet on Windows Order

The European Commission believes that Microsoft Corp is dragging its feet instead of living up to a court order that it take steps to create a level playing field in computer software.

On Monday officials at the Commission, the European Union's antitrust executive, held further talks with the software giant about the requirement that it offer a version of Windows without audiovisual software, as well as providing information about protocols so that rival makers of servers can compete.

"There are ongoing contacts between the Commission and Microsoft concerning various aspects of the implementation of the remedies," said Jonathan Todd, a Commission spokesman, told a news conference on Monday.

An EU court ruled last month that Microsoft must follow European Commission sanctions imposed because of the company's violation of antitrust law.

Those sanctions had a deadline of the middle of last year. Microsoft said after the decision it would comply by the end of this week.

So far that has not happened. On Friday the Commission pointedly reminded Microsoft that it could face fines, which may amount to as much as \$5 million daily.

Todd declined to spell out the problems. The Commission has heard complaints from a competitor in servers which says Microsoft would use the remedies - which are supposed to help - to shut it out instead.

Microsoft must also offer a version of its Windows operating system without proprietary audiovisual software built in, so computer makers can sell computers which may include alternative products such as RealNetworks RealPlayer.

But the Commission found that Microsoft was violating a provision of the remedy which requires it not to make the product inferior or undesirable.

Microsoft had said it would offer that product and call it "Windows XP Reduced Media Edition," which the Commission told Microsoft was derogatory.

A Microsoft spokesman said: "We have informed the Commission we will move to a different name."

The Commission also had problems with messages which show up on the screen when a computer is first turned on after purchase that would have

"warnings" that the machine might not work with all Windows media.

Microsoft is also supposed to make enough information available on protocols - software rules of the road - so that the products of rival makers of some types of servers work as well with Windows desktop machines as Microsoft's own servers.

Microsoft said it will do so but charge a fee for each license used by machine. That makes the solution a non-starter for Samba software, which runs on the Linux operating system.

Samba is distributed in large part free and there is no way to keep track of the number of copies, therefore no way to charge - or even keep track of - the number of licenses.

"This will be discriminatory," said Carlo Piana of Tamos Piana & Partners in Milan, who represents the Free Software Foundation-Europe. "Any condition which imposes a per-copy license would be unacceptable to Samba."

He said, however, that a lump sum payment might work and could be paid for by contributions.

Piana said he was encouraged by the Commission response to the foundation's complaints. A Commission spokesman said he had "no comment at that level of detail."

The Commission found in March that Microsoft had abused its virtual monopoly in the Windows operating system and fined it 497 million euros (\$648 million), which the company has already paid. It also ordered the remedies in an effort to create a more level playing field among competitors.

#### Microsoft to Rename XP Reduced Media Edition

Microsoft Corp. said it will come up with a new name for the unbundled version of Windows XP in time for the software's retail delivery by the end of February, following criticism from the European Commission.

The name "Windows XP Reduced Media Edition," which the EC said would prejudice consumers against the software, was only provisional, pending the Commission's approval, Microsoft said on Monday. "Microsoft is absolutely committed to complying fully with the Commission's decision," said a Microsoft spokesman. "Microsoft is currently discussing alternative names."

Under last year's Commission decision, upheld in December by the Court of First Instance, Microsoft is required to provide European users with an alternative version of Windows that doesn't include Windows Media Player. Microsoft has already provided PC manufacturers with the software, but the name is only significant for the retail version of the software, which will appear on store shelves along with the standard edition. Microsoft has said it will deliver the unbundled Windows to retailers by the end of February.

European Commission competition spokesman Jonathan Todd confirmed that the Commission has requested Microsoft to change the name. To enforce its legal remedies, the Commission has the power to levy fines of up to 5 percent of Microsoft's daily gross income, though Todd said this was a "theoretical" possibility.

Besides the unbundled Windows, Microsoft is also required to license Windows server protocols to competitors. Both remedies are intended to address competitive imbalances created by Microsoft's effective monopoly on desktop operating systems, the Commission said. But even given the relatively quick institution of the penalties, some competitors say they are unlikely to make much difference.

"Microsoft has already essentially eliminated competition from other media players," said lawyer Thomas Vinje, who represented the Computer and Communications Industry Association against Microsoft in December's CFI hearings. "Apart from Microsoft's efforts to neuter the remedies ... there is doubt about ['their'] effectiveness, because they come much too late."

Vinje and other observers said OEMs are unlikely to want to sell PCs using the unbundled operating system. Despite reported comments by Dell Inc. that it is considering using the unbundled version, a source close to the company said it has no serious interest in unbundling Windows Media Player.

On the server protocols side, Microsoft's licensing terms effectively block participation from open-source projects such as Linux and Samba, according to the Free Software Foundation.

Vinje said such moves are only to be expected. "Microsoft will do, and indeed is already doing, everything it can to render the decision ineffective," he said.

However, the Commission's decision has already created a legal precedent for further antitrust actions, even though it is under appeal, Vinje said. It could create a legal environment that could foster competition, he said. "Other ICT companies can expect to see further enforcement of EU law against Microsoft that restores competition to key markets like the desktop operating system market, and that preserves competition in other markets," he said.

A key example is the market for mobile device software, where Microsoft is still far from dominant, Vinje said.

### Some eBay Sellers Are Going, Going, Gone

Trisha Dixon used to swear by eBay. Now, she swears at it.

For six years, she sold enough scrapbooks, children's clothes and health products to pay bills and squirrel away cash. Last month, she all but ended her association because of higher fees.

"They can charge whatever they want. They're a monopoly," says Dixon, 25, of Anaconda, Mont. She estimates her monthly eBay bill will jump 50%, to \$1,500.

Prices aren't the only thing eBay raised when it announced changes to some online-auction services last month. It raised the ire of thousands of its small-business sellers, many of whom are threatening to ditch eBay when the price increases go into effect Feb. 18.

"We feel betrayed and abused," says Rhonda Gorman, 46, who sells clothing and household goods out of her cramped apartment in Costa Mesa, Calif.

"We're getting stomped and need to go elsewhere."

The budding backlash, punctuated by eBay-bashing Web sites and online message groups, underscores a rough patch for the usually Teflon Silicon Valley giant. Last month, eBay missed quarterly earnings estimates for the first time in at least two years, sending its stock tumbling more than 20% over two days.

The defection of some small-business users among 135.5 million registered users won't register a blip on eBay's finances. But the level of resistance this time, after several price changes the past five years, appears to be more deeply rooted at a time when eBay is aggressively reaching out to small businesses with more generous credit lines and financing options.

About 430,000 individuals and small businesses make part or all of their income from listings on eBay - nearly three times the number in late 2002.

The charges themselves are small for casual sellers, but add up for small businesses that sell hundreds of items a month. "I want eBay to realize it's the little guys that got them to where they are," says Suzie Eads, 37, who has sold more than 10,000 books and collectibles on eBay since 1998. The price increases would increase her monthly eBay bill 40% to \$700. She plans to sell fewer items on eBay, and more on rivals Overstock.com and Amazon.com.

Each time eBay has tinkered with prices, customers threatened to bolt. But few have followed through because they had limited options. That is changing. Smaller auction sites Bidville, ePier.com and iOffer.com, among others, report an increase in new users. Wagglepop.com says 2,700 sellers, most of them eBay defectors, have lined up to join when it starts later this month. "We struck a nerve at the right time," says CEO Ray Romeo, a former eBay user.

Amazon offers digital real estate for small merchants to hawk new and used goods. And businesses increasingly are advertising on search engines such as Google and Yahoo.

Overstock will drop listing fees in half for a month when eBay's new prices start. Its auction listings have soared 79%, to 42,600, since eBay made its announcement last month. eBay listings are up slightly to 13 million over the same period, according to www.dealscart.com, which monitors auction traffic.

"The beautiful thing about the Internet is sellers have a lot of choices," says Michael Dearing, an eBay vice president and general merchandise manager.

Executives at eBay say the fee increases apply to optional features, such as photos of listings and a buy-it-now option, and are intended to stimulate more auction activity - not revenue. "It's about managing the marketplace, not the top line," Dearing says, adding that eBay's take from items sold on the site has hovered near 7% since 2002.

Indeed, eBay's fee increases won't bring in much - about \$60 million, or a little over 1% of the company's expected \$4.3 billion in 2005 sales - says analyst Mark Mahaney of American Technology Research.

Until recently, the fee-based tinkering has contributed to eBay's explosive growth. Registered users soared 42% to 135 million last year. The value of goods sold on the site improved 44% to \$34.2 billion. Meanwhile, an

internal survey of sellers by eBay found that four-fifths of them consider the company a "trustworthy business partner."

What is more, the changes apply only to eBay Stores, small businesses that buy and sell more frequently than casual users. They accounted for just 7% of eBay's 1.4 billion listings last year. "Many sellers who think they will be affected aren't," Dearing says. eBay is explaining its new rules via its Web site, e-mail and phone calls, he says. It's the first price increase for eBay Stores owners since 2001.

Still, the wrenching outcry - disgruntled sellers have resorted to calling it FeeBay and GreedBay - could reflect deeper issues, says Ina Steiner, editor of AuctionBytes.com.

eBay customers are "fed up with shrinking profits, more complicated policies, the occasional fraud and inadequate customer support," Steiner says. "To hear how well eBay is doing financially, and to see ongoing problems on the service, is discouraging."

Many claim eBay's "nickel-and-dime charges" are driving away sellers of inexpensive items. "It's not worth selling anything under \$10, if you factor in the costs of listing fees, shipping, packaging and gas to go to the post office," Dixon says. She is donating Tupperware and other items to charity as a tax write-off rather than lose money on eBay.

Marilyn Baker, 42, a seller of lingerie in Streator, Ill., is particularly irked by eBay's decision to charge 35 cents instead of a quarter for a photo with each listing. "It's hard to sell clothing unless you have photos, but I can't afford this," she says. Baker is resurrecting a Web site and for the first time opening a physical store this spring. She's also moving 1,300 items to iOffer.com and Wagglepop.com.

Despite the criticisms, eBay's Dearing insists the company "has been, and always will be, the place for people to build small businesses." "The small seller built this company," he says.

Yet as business novices learn the entrepreneurial ropes on eBay, many are weaning themselves off of it and creating Web sites and storefronts, which they advertise on search engines and through eBay listings.

Bobby Beeman, 42, used to sell antique toys out of a Dallas store before he discovered eBay in the late 1990s. Now, like other eBay sellers, he is considering reopening a physical store. "eBay used to save me money," Beeman says. "But with all these extra charges, I'm not sure anymore."

#### Broken Links Lined With Gold for Paxfire

In the early days of the Internet, when you mistyped a Web address or entered an address that did not exist, your browser was redirected to a Web site with a stark, black-and-white message: "Error Page Not Found."

Now, if you're using Microsoft's Internet Explorer browser, you're likely to be redirected to a Microsoft page with a search box for its MSN Search service. Soon, you could be directed instead to a page containing a search box - but one provided by your Internet service provider using technology from a Reston company called Paxfire Inc.

"Traffic is the coin of the realm" on the Web, said Mark Lewyn, president and founder of Paxfire. "He who captures the most traffic collects the most money." So those daily mistakes, known as "trash traffic," are a potential gold mine, he said, when they are redirected to an error-and-search page that has links to advertisers. Lewyn said the key to Paxfire is that it operates through an Internet service provider. "We're turning the address bar of every subscriber to an ISP into a search bar," Lewyn said. "But we're not distributing software to anyone's desktop."

The concept of capitalizing on trash traffic has been around for a while. In September 2003, VeriSign Inc., the Mountain View, Calif., company that operates the ".com" and ".net" Internet registries, launched a program called Site Finder that automatically redirected mistyped Web addresses to a VeriSign Web page with a search box and advertiser links. Site Finder sparked a furor among Web users who didn't like being forced to look at ads and technology enthusiasts who said VeriSign was abusing its role as a gatekeeper of Web addresses. The Internet Corporation for Assigned Names and Numbers the regulatory body for the Internet, forced VeriSign to shut down the service after a few weeks.

Few had noticed that Paxfire, in partnership with NeuStar Inc., a District company that runs the ".biz" and ".us" registries, conducted a trial of a similar redirect program five months before VeriSign's. It was also removed under pressure from ICANN and the Department of Commerce, which oversees the .us registry.

"Registries are treated like public utilities," Lewyn said. "Even though they're public companies, there are regulatory strictures about what they are and aren't allowed to do. We realize as a small company that we cannot fight regulatory bodies."

So Lewyn and his co-founders, Alan Sullivan and Sezen Uysal, hit upon the idea of creating a technology that would work through Internet service providers. "Everyone will say the right place to do this is at the ISP level," Lewyn said, because ISPs are private companies that run private networks in an unregulated environment.

Lewyn said each ISP that uses Paxfire has its own "landing page" to which users who make typing errors are redirected. ISPs can customize the page with their branding and with paid and unpaid links. When a user clicks on a sponsored link, Paxfire and the ISP split the resulting revenue. Users can also opt out of the program, which they couldn't do with the Internet registries.

Lewyn said Paxfire has signed up a number of ISPs, although he declined to say how many. PatriotNet, an ISP based in the George Mason University Enterprise Center in Fairfax, is among its customers. Cynthia H. de Lorenzi, PatriotNet's chief executive, said allowing typing errors to be redirected to Microsoft's search page is "leaving a lot of money on the table."

#### Microsoft Formally Launches Search Engine

Microsoft Corp. is formally launching its new Internet search engine, several months after it debuted in test form.

Beginning Tuesday, Microsoft's own search engine will permanently replace

the Yahoo search technology that has been used on Microsoft's MSN Web site. But Yahoo's technology will be still be used for the "sponsored" listings that companies pay for, and that appear separately alongside the main search results.

Previously, Microsoft's search system was mainly available on a separate, test site.

After admitting that it initially missed the boat by not producing its own search technology, Redmond-based Microsoft has worked feverishly to produce a proprietary search engine to compete with Google Inc. and others.

Yusuf Mehdi, a corporate vice president with Microsoft's MSN online division, said the company has taken suggestions from people who used the test version to improve some functions, such as a feature that answers questions using the company's Encarta encyclopedia.

But he conceded that Microsoft still had work to do on a "search near me" function that attempts to find things, such as a plumber or a Chinese restaurant, that are geographically close to the user. Mehdi said Microsoft still needs to complete deals with online yellow pages providers to make it more likely that the user will actually find the closest restaurant or plumber.

Microsoft also is eliminating some text advertisements and other material from its MSN Web site, claiming that the new site will load up to 50 percent faster and have a cleaner look that is easier to navigate. But the Web site will still have some ads and contain plenty of links to news, gossip and other Microsoft businesses.

Rival Google has won customers in part by offering a minimalist search site devoid of ads.

#### Rise In Worst Spyware Shows Phishers At Work

The worst kinds of spyware reached all-time highs in the last quarter of 2004, said a national ISP and an anti-spyware vendor as they released their quarterly SpyAudit report Wednesday.

The numbers offer hard evidence to back up suspicions that phishing scammers are turning to deadlier, stealthier spyware to hijack identities and empty bank accounts.

Spyware - the umbrella term given to software that installs and runs without the user's knowledge - collects data such as surfing habits, or, more maliciously, records keystrokes in the hope of snagging account passwords or other confidential information.

According to Atlanta-based EarthLink and Boulder, Colo.-based Webroot, the instances of system monitors - better known as key loggers and screen grabbers - and Trojan horses soared in the fourth quarter. System monitors logged a 230 percent increase and Trojans jumped by 110 percent over the previous quarter. Both marked record highs for the year in the fourth quarter.

"The huge increase in systems monitors and Trojans on consumer PCs is extremely disconcerting," said David Moll, the chief executive of Webroot,

which sells its Spy Sweeper to both consumers and enterprises.

On average, about 1 in 6 PCs scanned by the EarthLink and Webroot anti-spyware software contains a system monitor. The rate of "infection" by Trojans is about the same.

"It's scary that in the rapidly growing problem of spyware, the worst and most malicious forms are the fastest growing," he said. "You'd expect that the nuisance kind of spyware would be first to spike, but the fact is, spyware is so pervasive that the nuisance category is saturated."

Security analysts have been saying that technically-astute phishers are quitting the practice of setting up bogus Web sites to dupe users into divulging credit card and bank account information, and instead are using spyware to invisibly watch what users enter to access accounts online.

These numbers seem to bear that out.

"This absolutely shows that phishers are turning to spyware," he said. "A lot of the increase is associated with phishing." Calling the numbers "scary stuff," Moll said the rapid rise in the prevalence of key loggers was "harrowing."

"People looking to get personal information out of consumers are shifting to stealthier tactics," agreed Tom Collins, the product manager for EarthLink's core software group.

Moll noted that the practice of "drive-by downloading," in which hackers exploit vulnerabilities in the browser - usually Microsoft's Internet Explorer - to infect unwitting surfers, "continues to be a great danger. It's actually the preferred method of spyware writers now."

The trends don't portend well for 2005. Not only did the presence of system monitors climb throughout 2004, but in December, the numbers almost tripled over November's.

"We said in 2003 that spyware was the largest undiagnosed problem on the Internet, and that at some point we would see a spike in the more dangerous types of spyware," said Jerry Grasso, the director of corporate communications for EarthLink. "Even in the first half of the 2004, we were mostly seeing adware and cookies, not the knock-out punch of key loggers."

"These numbers show a rise in the knock-out punch. This is now affecting Grandma."

Moll of Webroot agreed that it's going to get worse. "I've always marveled at the resourcefulness and inventiveness of these people [the spyware writers]. These guys are good. They're crafty."

EarthLink and Webroot collaborate to produce the quarterly SpyAudit report, which is based on data collected as users access free anti-spyware software offered by the ISP and posted on Webroot's Web site.

#### Spammers' New Strategy

An advanced spamming technique could push the volume of unwanted e-mail to new heights in coming months, straining the integrity of the online



communication system, according to several top experts who monitor the activity of spam gangs around the world.

Illegal bulk-mailers have been able to deploy massive blasts of spam by routing it through the computers of their Internet service providers, rather than sending it directly from individual machines, the experts said.

The result is that "blacklists" of known spamming computers - which other network operators rely upon to block mail from those machines - are no longer effective. To block spam coming directly from an ISP's computers, all mail from that ISP would have to be blocked, which would cripple electronic communication.

"From what we've seen, the volumes of this type of spam are going up dramatically," said Steve Linford, who heads the Spamhaus Project, the world's leading anti-spam organization. "We're really looking at a bleak thing" if ISPs don't quickly employ countermeasures, he said.

Linford added that based on monitoring of spammers' online discussion forums, the new trick is rapidly being adopted by the world's most prolific spammers.

Carl Hutzler, director of anti-spam operations at America Online, said he began seeing increases in spam traffic coming directly from other ISP mail servers in the fall of 2003. Now, he said, 95 percent of all spam aimed at AOL's 29 million worldwide members is coming directly from ISP computers.

Hutzler said he has been warning industry counterparts about the problem and has made AOL's technical solutions available online. Most critically, Linford and Hutzler said, ISPs must be more aggressive in monitoring and limiting how much mail is being sent from individual machines on their networks, since that is where the spam originates.

"We're trying to get the word out," Hutzler said, "but we're not sure that people have taken us that seriously."

The new method of attack reflects the evolving sophistication and efficiency of top spamming groups, a community of people who support each other by trading intelligence, products and services.

Spammers long ago stopped using their own machines to send spam. Instead, they rely on malicious code placed on consumers' machines via viruses or spyware that turn them into unwitting "zombies" remotely controlled by spammers.

That and other tactics have allowed spammers to circumvent many technical measures taken by network operators to thwart them, and they have all but ignored federal and state laws that prohibit their activities.

Mark Sunner, chief technology officer of MessageLabs Inc., an anti-spam software company, said that the use of multiple zombies on the networks of large Internet service providers allows spammers to spread out the amount of mail sent by any one computer, helping them to fly under the radar of ISP limits.

Some ISPs have been able to make dents in the amount of spam reaching the inboxes of computer users, but spam traffic over the Internet continues to rise and to exact steep costs on network operators, businesses and consumers.

In a study released yesterday, market research firm Rockbridge Associates Inc. and the Center for Excellence in Service at the University of Maryland Robert H. Smith School of Business estimated that deleting spam alone costs nearly \$22 billion a year in lost productivity. The study, based on a survey of 1,000 adults, said the 78 percent who said they receive spam spend an average of three minutes deleting it each day they check their e-mail.

What alarms Linford and others about the latest spam offensive is that it strikes at the heart of the blacklist system, a baseline of defense for virtually all network operators. E-mail filters help to segregate good e-mail from bad, but blacklists that identify the Internet addresses of spamming machines keep large amounts of spam off networks and force spammers to find new launchpads.

Linford said that in addition to imposing more aggressive limits on mail sent from individual machines, ISPs should do more to authenticate the mail they pass on through their own computers.

He said many U.S. ISPs have not improved their anti-spam enforcement.

For example, he said, the spammers' latest trick is contained in software called Send-Safe.

According to Internet registration records, the site is registered to a Florida company and is hosted on the Web by UUNet Technologies, a division of MCI Inc.

Linford said his group has repeatedly asked MCI to remove the Send-Safe site, arguing that the software is a prime spamming tool, developed by a notorious spammer.

Timothy Vogel, who heads MCI's legal team for technology issues, said that UUNet does not host the site but instead leases the Internet address to a company that in turn hosts Send-Safe's Web site.

More important, he said, MCI does not want to censor Internet content. If MCI had evidence that the Send-Safe company was spamming, that would violate MCI policy.

But merely advertising its product is a form of speech that should not be censored, Vogel said.

#### Ex-AOL Worker Pleads Guilty in Spam Case

A 24-year-old former American Online software engineer pleaded guilty Friday to stealing 92 million screen names and e-mail addresses and selling them to spammers, setting off an avalanche of up to seven billion unsolicited e-mails.

The soft-spoken Jason Smathers of Harpers Ferry, W. Va., entered the plea to conspiracy charges in U.S. District Court in Manhattan, where he was likely to face from 18 months to two years in prison at a May 20 sentencing.

Smathers also faces mandatory restitution of between \$200,000 and \$400,000, the amount the government estimates AOL spent as a result of the e-mails.

In December, Judge Alvin Hellerstein had rejected a similar plea by Smathers, saying he was not convinced he had actually committed a crime. But the judge said prosecutors now had sufficiently explained why he had.

Smathers told the judge that he accepted \$28,000 from someone who wanted to pitch an offshore gambling site to AOL customers, knowing that the list of screen names might make its way to others who would send e-mail solicitations.

"Do you wish to accept responsibility for what you did?" the judge asked Smathers.

"Yes sir, I do," he answered.

Federal prosecutor David Siegal said Smathers had engaged in the interstate transportation of stolen property and had violated a new federal "can-spam" law meant to diminish unsolicited e-mail messages about everything from Viagra to mortgages.

In December, the judge said he had dropped his own AOL membership because he received too much spam.

The company has since launched a major assault on spam, significantly reducing unsolicited e-mails. America Online Inc. is a wholly owned subsidiary of Time Warner Inc.

Smathers was fired by AOL last June. Authorities said he used another employee's access code to steal the list of AOL customers in 2003 from its headquarters in Dulles, Va.

Smathers allegedly sold the list to Sean Dunaway, of Las Vegas, who used it to send unwanted gambling advertisements to subscribers of AOL, the world's largest Internet provider. Charges are pending against Dunaway.

The stolen list of 92 million AOL addresses included multiple addresses used by each of AOL's estimated 30 million customers. It is believed to be still circulating among spammers.

#### Running From Dial-Up Access

The nation's two top dial-up Internet providers are jumping into different lifeboats as the broadband Internet wave threatens to sink their leaky business models. It remains unclear whether either lifeboat will float.

EarthLink Inc., the scrappy No. 2 player in Internet dial-up access, is trying to remake itself as an uber-broadband provider, buying wholesale high-speed connectivity from all kinds of network operators and reselling it under its own name.

America Online Inc., the leader in dial-up access, largely abandoned that broadband strategy last year and is counting on advertising to keep it afloat as dial-up customers defect to rivals selling faster or cheaper Internet connections. AOL is partnering with high-speed network operators, hoping to snag a sliver of their subscription revenue, while trying to remake itself in the image of ad-centric Yahoo.

"AOL is abdicating access and really wants to compete with Yahoo," said Sky Dayton, founder of EarthLink, who announced last week he is leaving as chairman to start a new wireless venture. "We think access is what we do."

Dayton will become chief executive of a new company representing EarthLink's strongest thrust yet into broadband - a \$440 million joint venture with South Korea's largest cell phone operator, SK Telecom, that plans to sell advanced mobile phone and data services in the United States this summer. Each partner will put up \$220 million in cash and other assets over three years, with a goal of signing up 3 million customers by 2009.

In an interview this week, Dayton said SK-EarthLink will exploit the blurring lines between the wired and wireless Internet, offering services, for example, that integrate cell phone service with WiFi networks that beam wireless data over short distances. It also will offer "cool" multimedia services not yet available in the United States, he said, using cutting-edge handsets and behind-the-scenes technology pioneered overseas by the South Korean operator.

"In South Korea they are watching television on their cell phones, they are doing video conferencing, they are finding their friends with location-based services," Dayton said. "If you ask people in Santa Monica how they use their cell phones, they say 'I make calls' or 'I have pictures of my dog.' "

EarthLink hopes its move into the cell phone market will help it fashion a new type of communications provider. Already, EarthLink is buying broadband connections from traditional phone and cable companies, and then reselling DSL and cable Internet access as EarthLink services.

AOL started down that path, too, selling DSL service under its own name by using connections purchased from the regional phone giants. But the Dulles-based division of Time Warner Inc. discontinued that strategy last year. In November it gave all AOL DSL customers in the BellSouth territory until January to find a new broadband provider or sign up directly with BellSouth. This year it likely will make similar moves with DSL customers elsewhere, said spokeswoman Anne Bentley.

Instead, AOL is pursuing a strategy similar to Yahoo's. To reach new audiences and sell more ads, AOL is planning a revamped Web site at AOL.com this summer. For the first time, it will offer a lot of content to nonmembers.

It is also partnering with network operators to offer AOL services as the default page their Internet customers see when they sign on.

In wireless, AOL has teamed up with cellular carriers to make AOL services available on their phones, for which it shares some subscription revenue. For broadband, it announced a deal this week with its sister, Time Warner Cable, involving sharing of AOL's advertising dollars and the cable firm's DSL subscription revenue.

Yahoo had a similar DSL pact with SBC Communications, and it announced another last month with Verizon Communications.

The SK-EarthLink venture is different in that it will be buying and reselling access, not just doing a joint marketing deal. As such, SK-EarthLink represents a new breed of mobile phone companies you likely will see more of this year. They're called "virtual" operators because they don't maintain the underlying connectivity but do handle all

marketing, billing, customer support and - most importantly - the content and services that customers use.

Virtual operators tend to target niche audiences, people eager to buy fancy pocket devices so they can do on the run what they already do on the wired Internet. One early virtual operator is Virgin Mobile USA, the joint venture between Sprint and the Virgin Group that targets young people.

Disney has announced plans for a virtual mobile ESPN network aimed at sports fans.

"This is the year the virtual mobile operator is going to explode into the marketplace," predicted Jeff Kagan, a telecommunications analyst in Marietta, Ga.

What's driving companies to jump in, Kagan said, is that U.S. carriers are finishing major upgrades to their networks, allowing wireless data transmission at high speeds and making mobile Internet access - and wireless video services - much more feasible than in the past.

Yet Kagan and other analysts wonder how SK-EarthLink can compete with Sprint, Verizon and other carriers it will have to buy access from, when those same carriers are rolling out their own TV, music and Web-surfing services.

But Dayton said the carriers are hungry for more customers, even at wholesale rates. He added that the dial-up Internet era showed there is a huge difference between "the pipe" and what you do on top of it: "That leaves a tremendous amount of latitude for differentiation."

U.S. carriers, for example, have been slow to offer WiFi services for fear of cannibalizing their cell phone business. Dayton said SK-EarthLink doesn't see WiFi as a threat and will move aggressively on fronts carriers have chosen to ignore. Customers, for instance, might use SK-EarthLink mobile phones inside their houses (where cell signals are notoriously weak) to tap home WiFi networks for voice calling over the Internet. "Now you can make phone calls without using up your minutes," he said.

It remains to be seen whether the mobile Internet will turn out to be the lifeboat that rescues EarthLink from steady defection of its dial-up subscribers.

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